

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2149 - HB 2850**

April 12, 2022

**SUMMARY OF BILL AS AMENDED (016838):** Authorizes, subject to appropriations in the general appropriations act, the Department of Safety (DOS) to utilize funds accrued from the application and processing fees received in association with applications for enhanced handgun carry permits to pay reimbursements to an approved handgun safety school of up to \$30 for each person who, for the first time, completes an approved handgun safety course on or after July 1, 2022. Requires DOS, through cooperation with the Tennessee Bureau of Investigation (TBI) and other state agencies, to annually provide information to licensed federal firearms dealers on approved handgun safety training courses provided to residents of Tennessee. Creates a standard template for federal firearms dealers to use as either a sign or a flyer to help inform customers about the availability of handgun safety courses and the opportunity for reimbursement to offset the cost of such courses. Authorizes DOS to make the template available on its website. Requires, by September 30 of each year, DOS to report to the chair of the Judiciary Committee of the Senate and the chair of the Criminal Justice Committee of the House of Representatives the number of handgun safety courses provided to persons during the preceding year pursuant to this legislation.

**FISCAL IMPACT OF BILL AS AMENDED:**

**Increase State Expenditures – \$1,000,000/FY22-23 and Subsequent Years/  
Handgun Permit Division**

**According to line item number 139 of the Governor’s proposed FY22-23 Budget Amendment, the Handgun Permit Reserve had a balance of \$25,900,000 as of June 30, 2021. The Amendment includes \$1,000,000 in dedicated funds earmarked for the purposes of this legislation.**

Assumptions for the bill as amended:

- DOS will require one new Safety Examiner 2 position to administer the Program.
- The recurring increase in state expenditures to the DOS for one new Safety Examiner 2 position is estimated to be \$44,512 (\$32,232 salary + \$12,280 benefits) in FY22-23 subsequent years.
- The proposed legislation does not require a person to either purchase a handgun or apply for an enhanced or concealed handgun carry permit in order to be eligible to have up to \$30 of the cost of an approved handgun safety course offset by the proposed reimbursement program.

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- However, for the purposes of this analysis, it is assumed that first-time purchasers of handguns are the most likely cohort of the population to utilize the proposed program to assist in attending a handgun safety course for the first time.
- The Tennessee Bureau of Investigation is tasked with processing the criminal background checks through a process known as the Tennessee Instant Check System (TICS).
- Based on TICS data for the years 2019-2021, the average annual number of criminal background checks initiated for the purchase of a firearm was 637,607, with approximately a 95 percent approval rate.
- Therefore, an estimated 605,727 (637,607 checks x 95%) criminal background checks for the purchase of a firearm are approved each year.
- According to the TICS data, in the years 2019-2021, 60 percent of all firearms processed each year are handguns.
- Therefore, an estimated 363,436 (605,727 checks x 60%) criminal background checks are approved each year for the purchase of a handgun. It is assumed this number is equal to the average number of individuals who successfully purchase a handgun each year.
- According to a Pew Research Center study conducted in 2017, 66 percent of gun owners say they own more than one gun, leaving 34 percent (100% - 66%) who are assumed to only own a single gun.
- Thus, the estimated number of annual handgun sales to first-time purchasers is 123,568 (363,436 handgun purchases x 34%).
- In addition, it is assumed that not every first-time purchaser of a handgun will take advantage of the program to take a handgun safety course. The number of first-time purchasers who will choose to do so is unknown.
- The issuance of the funds will be based on the amount appropriated annually for the program. The proposed FY22-23 Governor's budget amendment includes \$1,000,000 from the Handgun Permit Division for this purpose.
- Per the proposed legislation, the reimbursement to approved handgun safety training course providers is assumed to be \$30.
- The estimated number of reimbursements that will be issued annually for participation in a handgun safety course is estimated to be 31,850 which is approximately one-fourth of estimated first-time purchasers  $[(\$1,000,000 - \$44,512) / \$30]$ .
- Pursuant to Tenn. Code Ann. § 39-17-1351 (p)(1), each applicant for an enhanced handgun carry permit must submit a \$100 application and processing fee. The portion of these fees that is not required for other purposes accrues to a dedicated account in the DOS's Handgun Permit Division.
- According to line item number 139 of the Governor's proposed FY22-23 Budget Amendment, the Handgun Permit Reserve had a balance of \$25,900,000 as of June 30, 2021.
- The current balance of the Handgun Permit Reserve is sufficient to cover the estimated costs of the reimbursement program without a need for additional appropriations or expenditures from the General Fund.
- All approved handgun safety training courses are listed on the DOS website; therefore, there is no increase in state expenditures to provide information on said courses.

- Any costs associated with signs and flyers at licensed federal firearms dealers will be borne by private entities.
- It is assumed that DOS can annually report to the relevant members of the General Assembly the number of reimbursements provided pursuant to the proposed legislation utilizing existing resources.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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